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PROGRESS IN THE TRANSFORMATION OF UNIDO

Report by the Director-General

Provides information on the implementation of General Conference resolution GC.7/Res.1, as well as on cooperation within the United Nations Development Assistance Framework (UNDAF) and United Nations houses in the field.

Abbreviations

CCA	common country assessment	UNCTAD	United Nations Conference on Trade and Development
FAO	Food and Agricultural Organization of the United Nations	UNDAF	United Nations Development Assistance Framework
GEF	Global Environment Facility	UNDCP	United Nations International Drug Control Programme
ILO	International Labour Organization	UNDP	United Nations Development Programme
ITC	International Trade Centre	UNESCO	United Nations Educational, Scientific and Cultural Organization
LAC	Latin America and the Caribbean	UNFCCC	United Nations Framework Convention on Climate Change
LDC	least developed country	UNFIP	United Nations Fund for International Partnerships
SID	sustainable industrial development	UNSIA	United Nations Special Initiative for Africa
SHD	sustainable human development	WHO	World Health Organization
SME	small and medium enterprise	WIPO	World Intellectual Property Organization
SPPD	support services for policy and programme development		

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Introduction

1. Resolution GC.7/Res.1 adopted by the General Conference at its seventh session endorsed the Business Plan and requested the Director-General to take action concerning improvements in the functioning of UNIDO, and keeping Member States informed about the implementation of the Business Plan, *inter alia*, through a range of performance indicators. The present document updates and supplements extensive documentation issued to the policy-making organs on action taken to implement the Business Plan, the most important of which are listed in the annex. In particular, part one of the *1998 Annual Report* (IDB.21/10) provides comprehensive information on the measures undertaken to transform the Organization in line with Business Plan requirements. Building on this, the present document addresses cooperation within the United Nations system and takes into particular account the interest of Member States concerning UNIDO cooperation within UNDAF and United Nations houses in the field.

2. Parts of the *Annual Report*, issued in March 1999, detailed the financial, administrative, organizational and programmatic measures that UNIDO has undertaken to implement the Business Plan. The medium-term programme framework, issued in April 1999, presented recent programmatic developments in terms of UNIDO's new integrated programmes and the future schedule for these programmes. These two documents cover fully the major financial, administrative and programmatic measures that have been taken or are planned to be taken in implementation of the Business Plan.

3. The only major developments since the fifteenth session of the Programme and Budget Committee relate to:

- New staff career development programme (covered in document IDB.21/16)
- Development of integrated programmes (covered in documents IDB.21/15, 18, 20 and 21)
- United Nation system-wide cooperation.

The present note updates information on system-wide cooperation given in the *Annual Report* in terms of:

- Inter-agency agreements
- United Nations Development Assistance Framework
- United Nations houses in the field

I. INTER-AGENCY AGREEMENTS

UNCTAD

4. Within the framework of the memorandum of understanding signed with UNCTAD on 26 March 1998, cooperation is taking place in a wide range of areas, as reflected in box 1.

Box 1. Cooperation with UNCTAD

- Brazil, Central America—quality management in food processing (UNCTAD Empretec programme)
- Burkina Faso—Joint regional seminar on women's entrepreneurship development
- Ecuador investment policy review
- Gambia Economic Development Zone and investment policy advice
- Sudan—Multi-agency formulation mission for investment and trade component of integrated country programme
- Uganda—Review of sector profiles for UNCTAD investment and technology programme
- UNIDO seminar on investment opportunities in small and medium-sized infrastructure projects in developing countries)
- UNIDO methodology presented to UNCTAD expert group meeting on clustering and networking for SME development (Geneva, September 1998)
- Regional Europe—Study on regulations of micro finance institutions and credit unions for development of private sector micro and small industries
- UNIDO workshops on quality principles in food processing sector in seven sub-Saharan countries (Harare, September 1998, Addis Ababa, November 1998)
- Joint international working group on clean development mechanisms
- UNIDO Forum on Industrial Development (Vienna, May 1998)
- UNCTAD Conference on Partners in Development (Lyon, France, November 1998)

5. A number of constraints have been encountered in realizing the full potential of cooperation between the two organizations, owing in particular to the far-reaching agenda implied by the agreement. It has been difficult in some cases to give precision to this agenda, despite the supportive spirit that prevails on both sides. Another difficulty has been due in part to insufficiency of financial resources.

UNDP

6. Collaboration between UNDP and UNIDO has been within the framework of the joint letter dated 31 October 1998. In a transformed UNIDO, the focus on sustainable industrial development (SID) is a perfect complement to sustainable human development (SHD), and joint programming is already feasible on the basis of that complementarity. This will facilitate coherence at policy and operational levels and support the related mobilization of resources for joint activities. This collaboration can be seen as a major contribution to the Secretary-General's initiatives for reform.

7. UNDP is analysing UNIDO integrated programmes for seven African countries. Analysis will be in the context of the current cycle for programming arrangements and in the next ones starting in 2000. UNIDO inputs to the United Nations joint programming exercises at the country level have stimulated other specialized agencies to promote the same type of partnership. Currently, UNIDO is working along these lines with four other agencies (UNESCO, WHO, ILO, FAO) in a partnership with UNDP based on its capacity as funder and manager of the United Nations Resident Coordinator system. Other areas of cooperation with UNDP are indicated in box 2.

8. The key to the implementation of this agreement is closely related to the country-level capacity of UNIDO to participate in United Nations joint programming exercises and to the speed and modalities of its decentralization process. Once all related measures are implemented, it will be possible to demonstrate in full the feasibility of the basic principles and objectives identified in the joint letter.

Box 2. Cooperation with UNDP

- Complementarity between sustainable human development strategy and sustainable industrial development concept
- Joint programming at country level
- Strengthening role of UNDP as funder and manager of United Nations Resident Coordinator system
- UNIDO technical capacity for supporting activities, using national execution modality, under consideration
- Support to decentralization process of UNIDO offices at country level
- UNDP studying UNIDO cleaner technologies capacities for incorporation into country programmes on case-by-case basis
- Support to the Alliance for Africa's Industrialization
- Cooperation modalities established for strengthening technical cooperation among developing countries
- Industrial energy efficiency—UNIDO is one of five partners on Task Force on Climate Change, under UNDP leadership and in cooperation with UNFCC
- GEF—Potential pipeline for concrete projects developed and collaboration on existing projects improved
- Security and emergency arrangements (country-level criteria established under leadership of Resident Coordinator/Resident Representative)
- Joint programming as basis for joint training activities at United Nations Staff College

9. As a result of the transformation, the acceleration of the decentralization process in UNIDO and all related modalities are now becoming a reality. Emphasis will therefore be placed on the operational policies of the Organization in order to make them compatible with the programming arrangements of UNDP starting in 2000.

ITC

10. Indications have been received from ITC that 10 of UNIDO's service modules offer good cooperation potential, along with several areas that cut across all 16 service modules. Work is now being undertaken to build on the identified potential as the basis for drafting a memorandum of understanding.

UNDCP

11. UNIDO will take part in a UNDCP programme formulation mission to Albania focusing on employment and income-generating activities in selected regions. Discussions are now taking place to update existing cooperation agreements between the two organizations into a new memorandum of understanding.

II. UNITED NATIONS DEVELOPMENT ASSISTANCE FRAMEWORK

12. UNIDO has been actively involved in the UNDAF process. UNIDO Representatives at the country level serve as focal points for the UNDAF exercise and as members of United Nations country teams. They also participate fully in United Nations country-level meetings and retreats in the development of various system-wide approaches and play a critical role in the preparation of common country assessments (CCAs). During the process of development of its integrated programmes, UNIDO will continue to maintain its coherence and integration with UNDAF and United Nations Special Initiative for Africa (UNSIA) exercises. UNIDO was also engaged in the UNDAF process at the country level where no integrated programmes have yet been developed or are at the planning stage. Table 1 provides information on UNIDO involvement within the UNDAF process at the country level.

Table 1. UNIDO involvement within UNDAF

Africa	Asia	Europe	Latin America & Caribbean
Ethiopia	China	Romania	Colombia
Malawi	India	Turkey	Guatemala
Mali	Pakistan		Honduras
Senegal	Philippines		
United Republic of Tanzania	Viet Nam		
Zimbabwe			

13. It should also be mentioned that, as part of its close cooperation with the UNDAF exercise, UNIDO has provided substantial inputs into the finalization of the draft CCAs and the UNDAF guidelines.

III. UNITED NATIONS HOUSES IN THE FIELD

14. A key feature of the Secretary-General's reform programme to enhance coherence and coordination within the system is the establishment of common premises, or United Nations houses. United Nations houses ultimately aim to house all programmes, funds, offices of specialized agencies and information centres. These houses enable wider sharing of support services among United Nations entities to yield increased efficiencies and the reduction of administrative costs. UNIDO is fully committed to integration into the growing network of United Nations houses.

15. According to the United Nations Development Group, so far United Nations houses have been officially designated in Lebanon, Lesotho, Malaysia and South Africa. UNIDO's Representative in Lebanon is based in the United Nations house. Table 2 shows the countries in which UNIDO Representatives share premises with UNDP or with the United Nations.

16. With respect to premises shared with UNDP, as per the UNIDO/UNDP cooperation agreement signed last year, UNIDO shares office equipment and physical infrastructure with UNDP for efficient delivery of services and reduction of costs. UNDP also provides support to UNIDO's programme development activities, as well as administrative and logistical support. For this support, UNIDO is charged on the basis of common United Nations system rules and procedures established for this purpose by UNDP.

IV. ACTION REQUIRED OF THE BOARD

17. The Board may wish to take note of the information provided in the present document.

Table 2. Premises shared with UNDP or United Nations

Africa	Arab	Asia & Pacific	Europe	Latin America & Caribbean
Cameroon	Egypt	China	Turkey	Argentina**
Côte d'Ivoire	Lebanon	India		Bolivia
Ethiopia	Sudan	Indonesia		Colombia**
Ghana		Islamic Republic of Iran**		Honduras
Guinea**		Pakistan		Jamaica
Kenya		Viet Nam		Mexico
Nigeria*				
Senegal				
United Republic of Tanzania				
Zambia				

*Planned to be moved to United Nations common premises in Abuja.

**Premises provided by the Government.

Annex

FOLLOW-UP TO RESOLUTION GC.7/RES.1—DOCUMENTS ISSUED TO POLICY-MAKING ORGANS

Transformation of UNIDO

IDB.21/10	*Annual Report 1998*, part one
IDB.21/7	Proposed programme and budgets, 2000-2001
IDB.21/13	Medium-term programme framework, 2000-2003
IDB.21/16, chap. IV	Staff career development system

Field representation

IDB.19/11	IDB.21/10, chap. I
IDB.19/CRP.8	IDB.20/CRP.4
IDB.20/16	IDB.21/19

Performance indicators

IDB.19/CRP.2	IDB.21/10, chap. VI
IDB.20/17	IDB.21/24
IDB.20/CRP.5	

Integrated programmes

IDB.21/10, chap. III	
IDB.21/20	Arab countries programme, including technical assistance to the Palestinian people
IDB.21/18	Implementation of the Business Plan in Africa
IDB.21/21	Implementation of the Business Plan in Latin America and the Caribbean

Least developed countries

IDB.19/8	IDB.21/15
IDB.21/10, chap. III.C	